From:

Robert Ready

Sent:

May 07, 2010 6:59 PM

To:

Mike Goldak

Subject: Attachments:

Well Proposals-Taylor D 2,3,4,5-Trust Co of KS, Tr'ee-Section 9-T17S-R32E, Lea Co., NM Proposal-Taylor D2,3,4,5-Tr Co of KS.pdf; OA-Taylor D2,3,4,5 Proposal-COG 5-7-10, AAPL

1989-Individual Loss.pdf

The Trust Company of Kansas, Trustee of the Dorothy Dell Graeber Trust dated May 5, 1978 Attn: Mr. Michael Goldak 5151 S. 4th Street Leavenworth, Kansas 66048

Dear Mr. Goldak,

As previously communicated, our records reflect that The Trust Company of Kansas, as Trustee of the Dorothy Dell Graeber Trust dated May 5, 1978, owns a 6.25% unleased mineral interest in the lands described below. COG Operating LLC owns the majority interest in the subject lands, and desires to acquire or obtain commitment of all outstanding interests in the following tract:

Section 9, T17S-R32E, NMPM, Lea County, New Mexico S/2 NE/4 and N/2 SE/4, as to depths below the base of the San Andres formation Containing 160 acres, more or less

We are prepared to commence drilling on the subject lands soon. To that end, please find the attached Well Proposals, AFEs and our proposed form of operating agreement. Feel free to contact me to discuss alternatives to your participation in the subject wells. I will be glad to work with you.

Best regards,

J. Robert Ready, Senior Landman, CPL COG OPERATING LLC 550 W. Texas Avenue, Suite 100 Midland, Texas 79701 Direct (432) 685-4345 Fax (432) 686-3000

CONFIDENTIALITY NOTICE: The information in this email may be confidential and/or privileged. If you are not the intended recipient or an authorized representative of the intended recipient, you are hereby notified that any review, dissemination or copying of this email and its attachments, if any, or the information contained herein, is prohibited. If you have received this email in error, please immediately notify the sender by return email and delete this email from your system. Thank you.

COG Operating LLC Cases 14490, 14491, 14492 and 14493

From:

Microsoft Exchange

To:

Mike Goldak

Sent:

May 07, 2010 7:02 PM

Subject:

Relayed: Well Proposals-Taylor D 2,3,4,5-Trust Co of KS, Tr'ee-Section 9-T17S-R32E, Lea Co.,

NM

## Delivery to these recipients or distribution lists is complete, but delivery notification was not sent by the destination:

Mike Goldak

Subject: Well Proposals-Taylor D 2,3,4,5-Trust Co of KS, Tr'ee-Section 9-T17S-R32E, Lea Co., NM

Sent by Microsoft Exchange Server 2007

From:

Mike Goldak [msgoldak@tckansas.com]

To:

Sent:

Subject:

Robert Ready
May 11, 2010 7:50 AM
Read: Well Proposals-Taylor D 2,3,4,5-Trust Co of KS, Tr'ee-Section 9-T17S-R32E, Lea Co.,

Your message was read on Tuesday, May 11, 2010 7:50:27 AM (GMT-06:00) Central Time (US & Canada).



May 7, 2010

Sent via Email to 'msgoldak@tckansas.com and Federal Express Airbill # 8709 3258 2653

The Trust Company of Kansas, Trustee of the Dorothy Dell Graeber Trust dated May 5, 1978 Attn: Mr. Michael Goldak 5151 S. 4th Street Leavenworth, Kansas 66048

RE: Well Proposals - COG Operating LLC ("COG")

- 1) Taylor D #2 well, NW/4 SE/4
- 2) Taylor D #3 well, SW/4 NE/4
- 3) Taylor D #4 well, SE/4 NE/4
- 4) Taylor D #5 well, NE/4 SE/4

All in Section 9-T17S-R32E, NMPM, Lea County, New Mexico

#### Gentlemen:

COG Operating LLC ("COG") proposes to drill the above-referenced wells vertical tests of the Yeso formation, as follows:

- 1) Taylor D #2 well, NW/4 SE/4, located 1,650' FSL & 1,650' FEL of said Section 9, to be drilled to a total depth of approximately 7,000'.
- 2) Taylor D #3 well, SW/4 NE/4, located 2,210' FNL & 1,650' FEL of said Section 9, to be drilled to a total depth of approximately 7,000'.
- 3) Taylor D #4 well, SE/4 NE/4, located 2,120' FNL & 475' FEL of said Section 9, to be drilled to a total depth of approximately 7,000'.
- 4) Taylor D #5 well 1, NE/4 SE/4, located 1,650' FSL & 330' FEL of said Section 9, to be drilled to a total depth of approximately 7,100'.

The total estimated cost of each of the subject wells is \$1,650,000 which is described in more detail in the enclosed Authority for Expenditure ("AFE") for each well, attached to and made a part of this proposal. If you choose to participate in any or all of the wells, please evidence the same by signing, dating and returning to the undersigned the AFE that corresponds to the well(s) in which you choose to participate. For your convenience, you may return AFEs to me by mail to the letterhead address, by fax to (432) 686-3000, or by email to 'rready@conchoresources.com'. A copy of COG's proposed form of operating agreement for the subject wells is also enclosed.

If you choose not to participate in the proposed wells, we will be glad to consider alternatives. Please feel free to contact me about this matter at phone (432) 685-4345 or by email to 'rready@conchoresources.com'.

Sincerely,

COG Operating LLC

Senior Landman

Enclosures: AFEs (4)

**Operating Agreement** 

| WELL NAME: Taylor D #2 LOCATION: Section 9-T17S-R32E, NMP | PM           | PROSPECT NAME: Maljamar (Lowe) Prospect COUNTY & STATE: Lea County, NM |            |                                |                 |  |  |
|---|--------------|--|------------|--------------------------------|-----------------|--|--|
| FOOTAGE: 1650' FSL & 1650' FEL                            |              | OBJECTIVE: Yeso test (4 Fracs) 7000'                                   |            |                                |                 |  |  |
| INTANGIBLE COSTS  |              | BCP  |            | ACP                            | TOTAL           |  |  |
| Title/Curative/Permit                                     | 201          | 4,000  |            |                                | 4,000           |  |  |
| Insurance   | 202          | 3,800  | 302        |                                | 3,800           |  |  |
| Damages/Right of Way                                      | 203          |  | 303        |                                | 0               |  |  |
| Survey/Stake Location                                     | 204          | 2,500  | 304        |                                | 2,500           |  |  |
| Location/Pils/Road Expense                                | 205          | 30,000   | 305        | 5,000                          | 35,000          |  |  |
| Drilling / Completion Overhead                            | 206          | 2,500  | 306        | 2,000                          | 4,500           |  |  |
| Tumkey Contract   | 207          |  | 307        |                                | 0               |  |  |
| Footage Contract  | 208          |  | 308        |                                | 0               |  |  |
| Daywork Contract  | 209          | 175,000  | 309        |                                | 175,000         |  |  |
| Directional Drilling Services                             | 210          |  | 310        |                                | 0               |  |  |
| Fuel & Power  | 211          | 28,800   | 311        | 1,000                          | 29,800          |  |  |
| Water   | 212          | 14,000   | 312        | 32,000                         | 46,000          |  |  |
| Bits  | 213          | 24,000   | 313        | 500                            | 24,500          |  |  |
| Mud & Chemicals   | 214          | 7,000  | 314        |                                | 7.000           |  |  |
| Drill Stem Test   | 215          |  | 315        |                                | 0               |  |  |
| Coring & Analysis   | 216          |  |            |                                | 0               |  |  |
| Cement Surface  | 217          | 15,500   |            |                                | 15,500          |  |  |
| Cement Intermediate #1                                    | 218          | 16,400   |            |                                | 16,400          |  |  |
| Cement Intermediate #2                                    |              |  |            |                                | 0               |  |  |
| Cement Production   |              |  | 319        | 30,000                         | 30,000          |  |  |
| Cement Squeeze  | _ 220        |  | 320        |                                | 4.500           |  |  |
| Float Equipment & Centralizers                            | 221          | 2,500  | 321        | 2,000                          | 4,500           |  |  |
| Casing Crews & Equipment                                  | 222          | 4,000  | 322        | 5,500                          | 9,500           |  |  |
| Fishing Tools & Service                                   | 223          |  | 323        |                                | 0               |  |  |
| Geologic/Engineering                                      | - 224<br>225 | 2.000  | 324<br>325 | 10,000                         | 0               |  |  |
| Contract Labor Company Supervision                        | - 225<br>226 | 3,000  | 325<br>326 | 10,000                         | 13,000          |  |  |
| Contract Supervision                                      | 227          | 12,000   | 327        | 5,000                          | 17.000          |  |  |
| Testing Casing/Tubing                                     | — 22°        | 1,800  | 328        | 2,200                          | 4,000           |  |  |
| Mud Logging Unit  | — 229        | 6,000  | 329        | 2,200                          | 6,000           |  |  |
| Logging   | - 230        | 15,000   | 330        |                                | 15,000          |  |  |
| Perforating/Wireline Services                             | - 231        | 13,000   | 331        | 24,000                         | 24,000          |  |  |
| Stimulation/Treating (4 fracs)                            |              |  | 332        | 369,000                        | 369,000         |  |  |
| Completion Unit   | _            |  | 333        | 20,000                         | 20,000          |  |  |
| Swabbing Unit   | _            | <del></del>  | 334        | 20,000                         | 20,000          |  |  |
| Rentals-Surface   | 235          | 5,000  | 335        | 36,000                         | 41,000          |  |  |
| Rentals-Subsurface  | 236          | 26,000   | 336        | 10,000                         | 36,000          |  |  |
| Trucking/Forklift/Rig Mobilization                        | 237          | 40,000   | 337        | 8,000                          | 48,000          |  |  |
| Welding Services  | 238          | 2,000  | 338        | 1,000                          | 3,000           |  |  |
| Water Disposal  | 239          | 500  | 339        | 3,000                          | 3,500           |  |  |
| Plug to Abandon   | 240          |  | 340        |                                | 0               |  |  |
| Seismic Analysis  | 241          |  | 341        |                                | 0               |  |  |
| Closed Loop & Environmental                               | 244          | 100,000  | 344        |                                | 100,000         |  |  |
| Miscellaneous   | 242          |  | 342        |                                | 0               |  |  |
| Contingency 5%  | 243          | 27,065   | 343        | 28,310                         | 55,375          |  |  |
| TOTAL INTANGIBLES   | _            | 569,000  |            | 595,000                        | 1,163,000       |  |  |
|   |              | -  |            |                                |                 |  |  |
| TANGIBLE COSTS  |              |  |            |                                |                 |  |  |
| Surface Casing  | 401          | 31,200   |            |                                | 31,200          |  |  |
| Intermediate Casing #1                                    | 402          | 75,300   |            |                                | 75,300          |  |  |
| Intermediate Casing #2                                    |              |  |            |                                | 0               |  |  |
| Production Casing/Liner                                   |              |  | 503        | 154,000                        | 154,000         |  |  |
| Tubing  |              |  | 504        | 49,000                         | 49,000          |  |  |
| Welinead Equipment  | 403          | 6,000  | 505        | 3,000                          | 9,000<br>87,500 |  |  |
| Pumping Unit Prime Mover                                  |              | · <del></del>  | 506<br>507 | 87,500                         | 87,500          |  |  |
| Rods  | _            | <del></del>  | 508        | 21,376                         | 21,376          |  |  |
| Pumps   |              |  | 509        | 4,500                          | 4,500           |  |  |
| Tanks   | _            |  | 510        | 3,000                          | 3,000           |  |  |
| Flowlines   | _            |  | 511        | 5,000                          | 5,000           |  |  |
| Heater Treater/Separator                                  | _            |  | 512        | 3,000                          | 3,000           |  |  |
| Electrical System   | _            |  | 513        | 10,000                         | 10,000          |  |  |
| Packers/Anchors/Hangers                                   | 414          |  | 514        | 900                            | 900             |  |  |
| Couplings/Fittings/Valves                                 | 415          |  | 515        | 7,000                          | 7,000           |  |  |
| Gas Compressors/Meters                                    |              |  | 516        |                                | 0               |  |  |
| Dehydrator  |              |  | 517        |                                | 0               |  |  |
| Injection Plant/CO2 Equipment                             | _            |  | 518        |                                |                 |  |  |
| Miscellaneous   | 419          | 500  | 519        | 500                            | 1,000           |  |  |
| Contingency 5%  | 420          | 5,700  | 520        | 18,600                         | 24,300          |  |  |
| TOTAL TANGIBLES   | _            | 118,700  |            | 367,376                        | 486,076         |  |  |
| TOTAL WELL COSTS  |              | 688,000  |            | 963,000                        | 1,650,000       |  |  |
|   | _            |  |            |                                |                 |  |  |
| COG Operating LLC   |              |  |            |                                |                 |  |  |
| By: Erick W. Nelson                                       | _            | Date Prepared:   |            | 5/7/10                         |                 |  |  |
|   | _            |  |            | <del></del>                    |                 |  |  |
| We approve:   |              |  |            | ate. By signing you agree to p | ay your share   |  |  |
|   |              | of the actual costs is   | поште      | d.                             |                 |  |  |
| Company:  |              | _  |            |                                |                 |  |  |
|   |              |  |            |                                |                 |  |  |
| Ву:   |              | _  |            |                                |                 |  |  |
| Printed Name:   |              | _  |            |                                |                 |  |  |
| Title:  |              | _  |            |                                |                 |  |  |
| Date:   |              | _  |            |                                |                 |  |  |

| OCATION: Section 9-T17S-R32E, NMPM                       |            | COUNTY & STA   |            | IAME: Maljamar (Lowe) Prospect FATE: Lea County, NM |             |  |
|--|------------|----------------|------------|---|-------------|--|
| OOTAGE: 2210' FNL & 1650' FEL                            |            | OBJECTIVE:     |            | Yeso test (4 Fracs) 7000'                           |             |  |
| NTANGIBLE COSTS  |            | BCP            |            | ACP   | TOTAL       |  |
| itle/Curative/Permit                                     | 201        | 4,000          |            | rier_   | 4,1         |  |
| nsurance   | 202        | 3,800          | 302        |   | 3,          |  |
| amages/Right of Way                                      | 203        |                | 303        |   |             |  |
| urvey/Stake Location                                     | 204        | 2,500          | 304        |   | 2,          |  |
| ocation/Pits/Road Expense                                | 205        | 30,000         | 305        | 5,000   | 35.0        |  |
| nilling / Completion Overhead                            | 206        | 2,500          | 306        | 2,000   | 4,          |  |
| umkey Contract   | 207        |                | 307        |   |             |  |
| ootage Contract  | 208        |                | 308        |   |             |  |
| aywork Contract  | 209        | 175,000        | 309        |   | 175,        |  |
| Prectional Drilling Services                             | 210        |                | 310        |   |             |  |
| uel & Power  | 211        | 28,800         | 311        | 1,000   | 29,         |  |
| /ater  | 212        | 14,000         | 312        | 32,000  | 46.         |  |
| its  | 213        | 24,000         | 313        | 500   | 24,         |  |
| lud & Chemicals  | 214        | 7,000          | 314        |   | 7,          |  |
| rill Stem Test   | 215        |                | 315        |   |             |  |
| oring & Analysis   | 216        |                |            |   |             |  |
| ement Surface  | 217        | 15,500         |            |   | 15,         |  |
| ement Intermediate #1                                    | 218        | 16,400         |            |   | 16,         |  |
| ement Intermediate #2                                    |            |                | 040        |   |             |  |
| ement Production   | 220        |                | 319        | 30,000  | 30,         |  |
| ement Squeeze  | 220<br>221 | 2 500          | 320<br>321 | 2000  |             |  |
| loat Equipment & Centralizers<br>asing Crews & Equipment | 222        | 2,500          | 322        | 2,000   | 9.          |  |
| ssing Crews & Equipment<br>shing Tools & Service         | 223        | 4,000          | 323        | 5,500   |             |  |
| eologic/Engineering                                      | 223        |                | 323        |   | <del></del> |  |
| ontract Labor  | 225        | 3,000          | 325        | 10,000  | 13,         |  |
| company Supervision                                      | 226        | - 0,050        | 326        | 10,000  |             |  |
| ontract Supervision                                      | 227        | 12,000         | 327        | 5,000   | 17,         |  |
| esting Casing/Tubing                                     | 228        | 1,800          | 328        | 2,200   | 4.          |  |
| lud Logging Unit   | 229        | 6,000          | 329        |   | 6,          |  |
| ogging   | 230        | 15,000         | 330        |   | 15,         |  |
| erforating/Wireline Services                             | 231        |                | 331        | 24,000  | 24,         |  |
| timulation/Treating (4 fracs)                            |            |                | 332        | 369,000   | 369.        |  |
| ompletion Unit   |            |                | 333        | 20,000  |             |  |
| Wabbing Unit   |            |                | 334        |   |             |  |
| Rentals-Surface  | 235        | 5,000          | 335        | 36,000  | 41,         |  |
| tentals-Subsurface                                       | 236        | 26,000         | 336        | 10,000  | 36,         |  |
| rucking/Forklift/Rig Mobilization                        | 237        | 40,000         | 337        | 8,000   | 48,         |  |
| /elding Services   | 238        | 2,000          | 338        | 1,000   | 3,          |  |
| Vater Disposal   | 239        | 500            | 339        | 3,000   | 3,          |  |
| lug to Abandon   | 240        |                | 340        |   |             |  |
| ielsmic Analysis   | 241<br>244 | 400,000        | 341<br>344 | <del></del>   | 100         |  |
| losed Loop & Environmental                               | 242        | 100,000        | 342        |   | 100,        |  |
| ontingency 5%  | 243        | 27,065         | 343        | 28,310  | 55,         |  |
| TOTAL INTANGIBLES  | 245        | 569,000        | 343        | 595,000   | 1,163,      |  |
|  | •          |                |            |   |             |  |
| ANGIBLE COSTS  |            |                |            |   |             |  |
| urface Casing  | 401        | 31,200         |            |   | 31,         |  |
| termediate Casing #1                                     | 402        | 75,300         |            |   | 75,         |  |
| lermediate Casing #2                                     |            |                |            |   |             |  |
| roduction Casing/Liner                                   |            |                | 503        | 154,000<br>49,000                                   | 154,<br>49, |  |
| /ellhead Equipment                                       | 405        | 6,000          | 505        | 3,000   | 9,          |  |
| umping Unit  | 403        | 0,000          | 506        | 87,500  | 87,         |  |
| rime Mover   |            | <del></del>    | 507        |   |             |  |
| ods  |            |                | 508        | 21,376  | 21,         |  |
| umps   |            |                | 509        | 4,500   | 4,          |  |
| anks   |            |                | 510        | 3,000   | 3,          |  |
| owlines  |            |                | 511        | 5,000   | 5,          |  |
| eater Treater/Separator                                  |            |                | 512        | 3,000   | 3,          |  |
| lectrical System   |            |                | 513        | 10,000  | 10,         |  |
| ackers/Anchors/Hangers                                   | 414        |                | 514        | 900   |             |  |
| ouplings/Fittings/Valves                                 | 415        |                | 515        | 7,000   | 7,          |  |
| as Compressors/Meters                                    |            |                | 516        |   |             |  |
| ehydrator  |            |                | 517        |   |             |  |
| ection Plant/CO2 Equipment                               |            |                | 518        |   |             |  |
| fiscellaneous  | 419        | 500            | 519        | 500   | 1           |  |
| ontingency 5%  | 420        | 5,700          | 520        | 18,600  | 24,         |  |
| TOTAL TANGIBLES  |            | 118,700        |            | 367,376   | 486,        |  |
| TOTAL WELL COSTS   |            | 688,000        |            | 963,000   | 1,650,      |  |
| COG Operating LLC  |            |                |            |   |             |  |
| ly: Erick W. Nelson                                      |            | Date Prepared: |            | 5/7/10  |             |  |
|  | -          |                |            |   |             |  |

By: Printed Name: Title: Date:

| 201<br>202<br>203<br>204<br>205<br>206<br>207<br>208<br>209<br>210<br>211<br>212<br>213<br>214<br>215<br>221<br>221<br>221<br>221<br>221<br>222<br>223<br>224<br>225<br>226        | ## 4,000<br>3,800<br>2,500<br>30,000<br>2,500<br>175,000<br>28,800<br>14,000<br>24,000<br>7,000<br>15,500<br>16,400<br>2,500<br>4,000 | 302<br>303<br>304<br>305<br>306<br>307<br>308<br>310<br>311<br>312<br>313<br>314<br>315                 | 5,000<br>2,000<br>1,000<br>32,000<br>500 | 10TAL<br>4.0<br>3.8<br>2.5<br>35.0<br>4.5<br>175.0<br>29.8<br>46.0<br>24.5<br>7.0  |
|--|---|---|--|--|
| 202<br>203<br>204<br>205<br>206<br>207<br>208<br>209<br>210<br>211<br>212<br>213<br>214<br>215<br>216<br>217<br>218<br>220<br>221<br>222<br>223<br>224<br>225<br>225<br>226<br>227 | 4,000<br>3,800<br>2,500<br>30,000<br>2,500<br>175,000<br>28,800<br>14,000<br>24,000<br>7,000<br>15,500<br>16,400                      | 303<br>304<br>305<br>306<br>307<br>308<br>309<br>310<br>311<br>312<br>313<br>314<br>315                 | 5,000<br>2,000<br>1,000<br>32,000        | 4,0<br>3,8<br>2,5<br>35,0<br>4,5<br>175,0<br>29,8<br>46,0<br>24,5(   |
| 202<br>203<br>204<br>205<br>206<br>207<br>208<br>209<br>210<br>211<br>212<br>213<br>214<br>215<br>216<br>217<br>218<br>220<br>221<br>222<br>223<br>224<br>225<br>225<br>226<br>227 | 2,500<br>30,000<br>2,500<br>175,000<br>28,800<br>14,000<br>24,000<br>7,000<br>15,500<br>16,400  | 303<br>304<br>305<br>306<br>307<br>308<br>309<br>310<br>311<br>312<br>313<br>314<br>315                 | 1,000<br>32,000                          | 2,55<br>35,0<br>4,5<br>175,0<br>29,8<br>46,0<br>24,5<br>7,0  |
| 203<br>204<br>205<br>206<br>207<br>208<br>208<br>209<br>210<br>211<br>212<br>213<br>214<br>215<br>216<br>217<br>218<br>220<br>221<br>222<br>223<br>224<br>225<br>225<br>226<br>227 | 2,500<br>30,000<br>2,500<br>175,000<br>28,800<br>14,000<br>24,000<br>7,000<br>15,500<br>16,400  | 303<br>304<br>305<br>306<br>307<br>308<br>309<br>310<br>311<br>312<br>313<br>314<br>315                 | 1,000<br>32,000                          | 2,5<br>35,0<br>4,5<br>175,0<br>29,8<br>46,0<br>24,5<br>7,0   |
| 204<br>205<br>206<br>207<br>208<br>209<br>210<br>211<br>212<br>213<br>214<br>215<br>216<br>217<br>218<br>220<br>221<br>222<br>223<br>224<br>225<br>226<br>227                      | 30,000<br>2,500<br>175,000<br>28,800<br>14,000<br>24,000<br>7,000<br>15,500<br>16,400   | 304<br>305<br>306<br>307<br>308<br>309<br>310<br>311<br>312<br>313<br>314<br>315                        | 1,000<br>32,000                          | 35.0<br>4,5<br>175,0<br>29,8<br>46,0<br>24,5<br>7,0  |
| 205<br>206<br>207<br>208<br>209<br>210<br>211<br>212<br>213<br>214<br>215<br>216<br>217<br>218<br>220<br>221<br>222<br>223<br>224<br>225<br>226<br>227                             | 30,000<br>2,500<br>175,000<br>28,800<br>14,000<br>24,000<br>7,000<br>15,500<br>16,400   | 305<br>306<br>307<br>308<br>309<br>310<br>311<br>312<br>313<br>314<br>315                               | 1,000<br>32,000                          | 35.0<br>4,5<br>175,0<br>29,8<br>46,0<br>24,5<br>7,0  |
| 206<br>207<br>208<br>209<br>210<br>211<br>212<br>213<br>214<br>215<br>216<br>217<br>218<br>220<br>221<br>222<br>222<br>222<br>222<br>223<br>224<br>225<br>226<br>227               | 2,500<br>175,000<br>28,800<br>14,000<br>24,000<br>7,000<br>15,500<br>16,400   | 306<br>307<br>308<br>309<br>310<br>311<br>312<br>313<br>314<br>315                                      | 1,000<br>32,000                          | 4,5<br>175,0<br>29,8<br>46,0<br>24,5<br>7,0  |
| 207<br>208<br>209<br>210<br>211<br>212<br>213<br>214<br>215<br>216<br>217<br>218<br>220<br>221<br>222<br>222<br>223<br>224<br>225<br>226<br>227                                    | 175.000<br>28,800<br>14,000<br>24,000<br>7,000<br>15,500<br>16,400<br>2,500   | 307<br>308<br>309<br>310<br>311<br>312<br>313<br>314<br>315   | 1,000<br>32,000                          | 175,0<br>29,8<br>46,0<br>24,5<br>7,0   |
| 208<br>209<br>210<br>211<br>212<br>213<br>214<br>215<br>216<br>217<br>218<br>220<br>221<br>222<br>223<br>224<br>225<br>226<br>227  | 28,800<br>14,000<br>24,000<br>7,000<br>15,500<br>16,400   | 308<br>309<br>310<br>311<br>312<br>313<br>314<br>315  | 32,000                                   | 29,8<br>46,0<br>24,5<br>7,0  |
| 209<br>210<br>211<br>212<br>213<br>214<br>215<br>216<br>217<br>218<br>220<br>221<br>222<br>223<br>224<br>225<br>226<br>227   | 28,800<br>14,000<br>24,000<br>7,000<br>15,500<br>16,400   | 309<br>310<br>311<br>312<br>313<br>314<br>315   | 32,000                                   | 29,8<br>46,0<br>24,5<br>7,0  |
| 210<br>211<br>212<br>213<br>214<br>215<br>216<br>217<br>218<br>220<br>221<br>222<br>223<br>224<br>225<br>226<br>227  | 28,800<br>14,000<br>24,000<br>7,000<br>15,500<br>16,400   | 310<br>311<br>312<br>313<br>314<br>315  | 32,000                                   | 29,8<br>46,0<br>24,5<br>7,0  |
| 211<br>212<br>213<br>214<br>215<br>216<br>217<br>218<br>220<br>221<br>222<br>223<br>224<br>225<br>226<br>227   | 14,000<br>24,000<br>7,000<br>15,500<br>16,400   | 311<br>312<br>313<br>314<br>315   | 32,000                                   | 46,0<br>24,5<br>7,0  |
| 212<br>213<br>214<br>215<br>216<br>217<br>218<br>220<br>221<br>222<br>223<br>224<br>225<br>226<br>227  | 14,000<br>24,000<br>7,000<br>15,500<br>16,400   | 312<br>313<br>314<br>315  | 32,000                                   | 46,0<br>24,5<br>7,0  |
| 213<br>214<br>215<br>216<br>217<br>218<br>220<br>221<br>222<br>223<br>224<br>225<br>226<br>227   | 24,000<br>7,000<br>15,500<br>16,400   | 313<br>314<br>315<br>319  |  | 24,5<br>7,0  |
| 214<br>215<br>216<br>217<br>218<br>220<br>221<br>222<br>223<br>224<br>225<br>226<br>227  | 7,000<br>15,500<br>16,400<br>2,500  | 314<br>315<br>319   |  | 7,0  |
| 215<br>216<br>217<br>218<br>220<br>221<br>222<br>223<br>224<br>225<br>226<br>227   | 15,500<br>16,400<br>2,500   | 315   |  |  |
| 216<br>217<br>218<br>220<br>221<br>222<br>223<br>224<br>225<br>226<br>227  | 2,500   | 319   |  | 15,5   |
| 217<br>218<br>220<br>221<br>222<br>223<br>224<br>225<br>226<br>227   | 2,500   |   |  | 15,5   |
| 218<br>220<br>221<br>222<br>223<br>224<br>225<br>226<br>227  | 2,500   |   |  |  |
| 220<br>221<br>222<br>223<br>224<br>225<br>226<br>227   | 2,500   |   |  | 16,4   |
| 221<br>222<br>223<br>224<br>225<br>226<br>227  |   |   |  |  |
| 221<br>222<br>223<br>224<br>225<br>226<br>227  |   | 320   | 30,000                                   | 30,0   |
| 222<br>223<br>224<br>225<br>226<br>227   |   |   |  |  |
| 223<br>224<br>225<br>226<br>227  |   | 321   | 2,000                                    | 4,5  |
| 224<br>225<br>226<br>227   |   | 322   | 5,500                                    | 9,5  |
| 225<br>226<br>227  |   | 323   |  |  |
| 226<br>227   |   | 324   |  |  |
| 227  | 3,000   | 325   | 10,000                                   | 13,0   |
|  |   | 326   |  |  |
| 228  | 12,000  | 327   | 5,000                                    | 17,0   |
| -  | 1,800   | 328   | 2,200                                    | 4,0  |
| 229  | 6,000   | 329   |  | 6,0  |
| 230  | 15,000  | 330   |  | 15,0   |
| 231  |   | 331   | 24,000                                   | 24,0   |
|  |   | 332   | 369,000                                  | 369,0  |
|  |   | 333   | 20,000                                   | 20,0   |
|  |   | 334   | <del></del>                              |  |
| 235  | 5,000   | 335   | 36,000                                   | 41,0   |
| 236  | 26,000  | 336   | 10,000                                   | 36,0   |
| 237  | 40,000  | 337   | 8,000                                    | 48,0   |
| 238  | 2,000   | 338   | 1,000                                    | 3.0  |
| 239  | 500   | 339   | 3,000                                    | 3,5  |
| 240  |   | 340   |  |  |
| 241  | 400,000   | 341   |  | 100.0  |
| 244  | 100,000   | 344   |  | 100,0  |
|  | 27.066  |   | 20 210                                   | 55,3   |
| 243  |   | 343   |  | 1,163,0  |
|  | 303,000   |   | 030,000                                  | 1,100,0  |
|  |   |   |  |  |
| A/11   | 31 700  |   |  | 31,2   |
|  |   |   |  | 75,3   |
| 402  | 75,300  |   |  | 73,3   |
|  |   | รถว   | 154 000                                  | 154,0  |
|  |   |   |  | 49,0   |
| 405  | 6.000   |   | 2 000                                    | 9,0  |
|  |   | 506   |  | 87,5   |
|  |   | 507   |  |  |
|  |   | 508   | 21,376                                   | 21,3   |
|  |   | 509   | 4,500                                    | 4,5  |
|  |   | 510   | 3,000                                    | 3,0  |
|  |   | 511   | 5,000                                    | 5,0  |
|  |   | 512   | 3,000                                    | 3,0  |
|  |   | 513   | 10,000                                   | 10,0   |
| 414  |   | 514   | 900                                      | 9  |
| 415  |   | 515   | 7,000                                    | 7,0  |
|  |   | 516   |  |  |
|  |   | 517   |  |  |
|  |   | 518   |  |  |
| 419  |   |   |  | 1,0  |
| 420  |   | 520   |  | 24,3   |
|  |   |   |  | 486,0  |
|  | 688,000   |   | 963,000                                  | 1,650,0  |
|  |   |   |  |  |
|  | Onto Descripti  |   | EMAG                                     |  |
|  | Date Prepared:  |   | 6//10                                    |  |
|  | This ACC !  | المتاومة  | sta. Du cionino com nome fo              | nou vous choos   |
|  |   |   |  | pay your snare   |
|  | on use actual costs if  | OTTO  | u. ·                                     |  |
|  | -   |   |  |  |
|  |   |   |  |  |
|  | -   |   |  |  |
|  | 401<br>401<br>402<br>405<br>414<br>415  | 242 27,065 569,000 401 31,200 75,300 405 6,000 414 415 419 500 420 5,700 118,700 688,000 Cate Prepared: | 242 342 342 342 343 343 343 343 343 343  | 242 342 342 342 243 27,065 343 28,310 569,000 595,000 595,000 595,000 595,000 595,000 595,000 595,000 595 3,000 595 3,000 596 87,500 597 598 21,376 599 4,500 510 3,000 511 5,000 512 3,000 512 3,000 512 3,000 512 3,000 512 3,000 513 10,000 514 990 4414 514 990 515 7,000 516 516 516 516 516 517 517 517 517 517 517 517 517 518 518 518 519 500 519 500 519 500 519 500 519 500 518,700 520 18,600 963,000 |

| WELL NAME: Taylor D #5 -OCATION: Section 9-T17S-R32E, NMPM |            |                    |            | ME: Maljamar (Lowe) P<br>TE: Lea County, NM | iospeci      |
|--|------------|--------------------|------------|---|--------------|
| OOTAGE: 1650' FSL & 330' FEL                               |            | OBJECTIVI          |            | Yeso test (4 Fracs) 710                     | 0,           |
|  |            | 000201111          |            | 1000 1001 (41 1000) 110                     |              |
| NTANGIBLE COSTS  |            | ВСР                |            | <u>ACP</u>                                  | <u>TOTAL</u> |
| fitle/Curative/Permit                                      | 201        | 4,000              |            |   | 4,0          |
| nsurance   | 202        | 3,800              | 302        |   | 3,8          |
| Damages/Right of Way                                       | 203        |                    | 303        |   |              |
| Survey/Stake Location                                      | 204        | 2,500              | 304        |   | 2,5          |
| ocation/Pits/Road Expense                                  | 205        | 30,000             | 305        | 5,000                                       | 35,0         |
| Orilling / Completion Overhead                             | 206        | 2,500              | 306        | 2,000                                       | 4,5          |
| umkey Contract   | 207        |                    | 307        |   |              |
| oolage Contract  | 208        |                    | 308        | <del></del>                                 |              |
| Daywork Contract   | 209        | 175,000            | 309        |   | 175,0        |
| Pirectional Drilling Services                              | 210        |                    | 310        |   |              |
| uel & Power  | 211        | 28,800             | 311        | 1,000                                       | 29,8         |
| Vater  | 212        | 14,000             | 312        | 32,000                                      | 46,0         |
| Bits   | 213        | 24,000             | 313        | 500   | 24,5         |
| Aud & Chemicals  | 214        | 7,000              | 314        |   | 7,0          |
| Orill Stern Test   | 215        |                    | 315        |   |              |
| Coring & Analysis  | 216        |                    |            |   |              |
| Sement Surface   | 217        | 15,500             |            |   | 15,5         |
| Cement Intermediate #1                                     | 218        | 16,400             |            |   | 16,4         |
| Cement Intermediate #2                                     |            |                    |            | <del></del>                                 |              |
| Cement Production  |            |                    | 319        | 30,000                                      | 30.0         |
| Cement Squeeze   | 220        |                    | 320        |   | <del></del>  |
| loat Equipment & Centralizers                              | 221        | 2,500              | 321        | 2,000                                       | 4,5          |
| Casing Crews & Equipment                                   | 222        | 4,000              | 322        | 5,500                                       | 9,5          |
| ishing Tools & Service                                     | 223        |                    | 323        |   |              |
| Geologic/Engineering                                       | 224        | 2.000              | 324        | 40.000                                      | 40.0         |
| Contract Labor   | 225<br>226 | 3,000              | 325<br>326 | 10,000                                      | 13,0         |
| Company Supervision Contract Supervision                   | 227        | 12,000             | 327        | 5,000                                       | 17,0         |
| Festing Casing/Tubing                                      | 228        | 1,800              | 328        | 2,200                                       | 4,0          |
| Mud Logging Unit   | 229        | 6,000              | 329        | 2,200                                       | 6,0          |
| .ogging  | 230        | 15,000             | 330        |   | 15,0         |
| Perforating/Wireline Services                              | 231        | 70,000             | 331        | 24,000                                      | 24,0         |
| Stimulation/Treating (4 fracs)                             |            |                    | 332        | 369,000                                     | 369,0        |
| Completion Unit  | •          |                    | 333        | 20,000                                      | 20,0         |
| Swabbing Unit  | •          |                    | 334        |   |              |
| Rentals-Surface  | 235        | 5,000              | 335        | 36,000                                      | 41,0         |
| Rentals-Subsurface   | 236        | 26,000             | 336        | 10,000                                      | 36,0         |
| Trucking/Forklift/Rig Mobilization                         | 237        | 40,000             | 337        | 8,000                                       | 48,0         |
| Welding Services   | 238        | 2,000              | 338        | 1,000                                       | 3,0          |
| Water Disposal   | 239        | 500                | 339        | 3,000                                       | 3,5          |
| Plug to Abandon  | 240        |                    | 340        |   |              |
| Seismic Analysis   | 241        |                    | 341        |   |              |
| Closed Loop & Environmental                                | 244        | 100,000            | 344        |   | 100,0        |
| Viscellaneous  | 242        |                    | 342        |   |              |
| Contingency 5%   | 243        | 27,065             | 343        | 28,310                                      | 55,3         |
| TOTAL INTANGIBLES  |            | 569,000            |            | 595,000                                     | 1,163,0      |
| 74 NOID: E 00070   |            |                    |            |   |              |
| TANGIBLE COSTS   |            |                    |            |   |              |
| Surface Casing   | 401        | 31,200             |            |   | 31,2         |
| ntermediate Casing #1                                      | 402        | 75,300             |            |   | 75,3         |
| ntermediate Casing #2                                      |            |                    | -02        | 454,000                                     | 154,0        |
| Production Casing/Liner                                    |            |                    | 503<br>504 | 154,000                                     | 49,0         |
| Tubing<br>Weilhead Equipment                               | 405        | 6,000              | 505        | <u>49,000</u><br>3,000                      | 9,0          |
| Pumping Unit   |            |                    | 506        | 87,500                                      | 87,5         |
| Prime Mover  | •          |                    | 507        |   |              |
| Rods   | -          |                    | 508        | 21,376                                      | 21,3         |
| Pumps  | -          |                    | 509        | 4,500                                       | 4,5          |
| Tanks  | •          |                    | 510        | 3,000                                       | 3,0          |
| lowlines   | -          |                    | 511        | 5,000                                       | 5,0          |
| leater Treater/Separator                                   | -          |                    | 512        | 3,000                                       | 3,0          |
| Electrical System  | -          |                    | 513        | 10,000                                      | 10,0         |
| Packers/Anchors/Hangers                                    | 414        |                    | 514        | 900   |              |
| Couplings/Fittings/Valves                                  | 415        |                    | 515        | 7,000                                       | 7,0          |
| Gas Compressors/Meters                                     | -          |                    | 516        |   |              |
| Dehydrator   | -          |                    | 517        |   |              |
| Injection Plant/CO2 Equipment                              | _          |                    | 518        |   |              |
| Miscellaneous  | 419        | 500                | 519        | 500   | 1,0          |
| Contingency 5%   | 420        | 5,700              | 520        | 18,600                                      | 24,3         |
|  |            |                    |            |   |              |
| TOTAL TANGIBLES TOTAL WELL COSTS                           | _          | 118,700<br>688,000 |            | 367,376<br>963,000                          | 1,650,0      |

approve: This AFE is only an estimate. By signing you agree to pay your share of the actual costs incurred.

5/7/10

By:
Printed Name:
Title:
Date:

COG Operating LLC By: Erick W. Nelson

From:

Robert Ready

Sent:

May 24, 2010 11:44 AM

To:

Mike Goldak

Subject:

Oil and Gas Lease Offer-Trust Co of KS, Tr'ee-Section 9-T17S-R32E, Lea Co., NM

Dear Mr. Goldak,

Per our earlier conversation, COG Operating LLC desires to purchase an oil and gas lease from The Trust Company of Kansas and Clyde Dell Graeber, co-trustees of the Dorothy Dell Graeber Trust dated May 5, 1978, covering the lands and mineral interest described in the message below. COG hereby offers \$250 per net mineral acre to purchase an oil and gas lease with 3 year primary term and 3/16 royalty, subject to approval of title, covering the 10 net mineral acre interest.

Based on our conversation, it is my understanding that you are receptive to leasing the subject mineral interest. With that in mind, I will submit a proposed form of oil and gas lease to you by email tomorrow. Thank you for your cooperation and consideration. Should you have questions about this matter, do not hesitate to contact me.

Best regards,

J. Robert Ready, Senior Landman COG OPERATING LLC 550 W. Texas Avenue, Suite 100 Midland, Texas 79701 Direct (432) 685-4345 Fax (432) 686-3000

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From: Robert Ready Sent: May 07, 2010 6:59

**To:** Mike Goldak

Subject: Well Proposals-Taylor D 2,3,4,5-Trust Co of KS, Tr'ee-Section 9-T17S-R32E, Lea Co., NM

The Trust Company of Kansas, Trustee of the Dorothy Dell Graeber Trust dated May 5, 1978 Attn: Mr. Michael Goldak 5151 S. 4th Street Leavenworth, Kansas 66048

Dear Mr. Goldak,

As previously communicated, our records reflect that The Trust Company of Kansas, as Trustee of the Dorothy Dell Graeber Trust dated May 5, 1978, owns a 6.25% unleased mineral interest in the lands described below. COG Operating LLC owns the majority interest in the subject lands, and desires to acquire or obtain commitment of all outstanding interests in the following tract:

Section 9, T17S-R32E, NMPM, Lea County, New Mexico

S/2 NE/4 and N/2 SE/4, as to depths below the base of the San Andres formation Containing 160 acres, more or less

We are prepared to commence drilling on the subject lands soon. To that end, please find the attached Well Proposals, AFEs and our proposed form of operating agreement. Feel free to contact me to discuss alternatives to your participation in the subject wells. I will be glad to work with you.

Best regards,

J. Robert Ready, Senior Landman, CPL COG OPERATING LLC 550 W. Texas Avenue, Suite 100 Midland, Texas 79701 Direct (432) 685-4345 Fax (432) 686-3000

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From:

Robert Ready

Sent:

June 01, 2010 2:39 PM

To:

Mike Goldak

Subject: Attachments:

Oil and Gas Lease Offer-Trust Co of KS, Tr'ee-Section 9-T17S-R32E, Lea Co., NM

Graeber Trust OGL 6-1-2010.pdf

Dear Mr. Goldak,

In connection with our earlier communications, COG Operating LLC hereby offers \$250 per net mineral acre to purchase an oil and gas lease covering the 10 net mineral acre interest described below, using the attached form, with 3 year primary term and 1/4 royalty (increased from the 3/16 offered below). This offer is subject to approval of title.

Please review this offer and contact me with your questions or acceptance. Should you agree to it, please provide information to complete the signature block and acknowledgment for The Trust Company of Kansas in the oil and gas lease. I will then send the lease to you for execution. After it has been executed by TCK and Mr. Graeber, you can fax the executed document to me and I will send a company check to you in payment of the \$2,500 bonus consideration, in exchange for the original lease.

In anticipation of such requirement by our title attorney, please provide a copy of the trust agreement for our review. Should you have questions about this matter, do not hesitate to contact me.

Best regards,

J. Robert Ready, Senior Landman COG OPERATING LLC 550 W. Texas Avenue, Suite 100 Midland, Texas 79701 Direct (432) 685-4345 Fax (432) 686-3000

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From: Robert Ready Sent: May 24, 2010 11:44

To: Mike Goldak

Subject: Oil and Gas Lease Offer-Trust Co of KS, Tr'ee-Section 9-T17S-R32E, Lea Co., NM

Dear Mr. Goldak,

Per our earlier conversation, COG Operating LLC desires to purchase an oil and gas lease from The Trust Company of Kansas and Clyde Dell Graeber, co-trustees of the Dorothy Dell Graeber Trust dated May 5, 1978, covering the lands and mineral interest described in the message below. COG hereby offers \$250 per net mineral acre to purchase an oil and gas lease with 3 year primary term and 3/16 royalty, subject to approval of title, covering the 10 net mineral acre interest.

Based on our conversation, it is my understanding that you are receptive to leasing the subject mineral interest. With that in mind, I will submit a proposed form of oil and gas lease to you by email tomorrow. Thank you for your cooperation and consideration. Should you have questions about this matter, do not hesitate to contact me.

Best regards,

J. Robert Ready, Senior Landman COG OPERATING LLC 550 W. Texas Avenue, Suite 100 Midland, Texas 79701 Direct (432) 685-4345 Fax (432) 686-3000

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From: Robert Ready Sent: May 07, 2010 6:59

To: Mike Goldak

Subject: Well Proposals-Taylor D 2,3,4,5-Trust Co of KS, Tr'ee-Section 9-T17S-R32E, Lea Co., NM

The Trust Company of Kansas, Trustee of the Dorothy Dell Graeber Trust dated May 5, 1978 Attn: Mr. Michael Goldak 5151 S. 4th Street Leavenworth, Kansas 66048

Dear Mr. Goldak,

As previously communicated, our records reflect that The Trust Company of Kansas, as Trustee of the Dorothy Dell Graeber Trust dated May 5, 1978, owns a 6.25% unleased mineral interest in the lands described below. COG Operating LLC owns the majority interest in the subject lands, and desires to acquire or obtain commitment of all outstanding interests in the following tract:

Section 9, T17S-R32E, NMPM, Lea County, New Mexico S/2 NE/4 and N/2 SE/4, as to depths below the base of the San Andres formation Containing 160 acres, more or less

We are prepared to commence drilling on the subject lands soon. To that end, please find the attached Well Proposals, AFEs and our proposed form of operating agreement. Feel free to contact me to discuss alternatives to your participation in the subject wells. I will be glad to work with you.

Best regards,

J. Robert Ready, Senior Landman, CPL COG OPERATING LLC 550 W. Texas Avenue, Suite 100 Midland, Texas 79701 Direct (432) 685-4345

From:

Robert Ready

Sent:

June 08, 2010 11:16 PM

To:

'Jane Meyer'
'Tully Davis'

Cc: Subject:

OGL Offer-Taylor "D" #2, #3, #4 & #5 wells, Lea County, New Mexico

Dear Ms. Meyer,

In accordance with our conversation on 6/7, it is my understanding that RAM Energy, Inc. has determined not to participate in the drilling of the Taylor D wells and is interested in pursuing an oil and gas lease to COG covering RAM's interest in the subject lands. Further, we understand that RAM desires certain changes to the oil and gas lease offer and that you will provide the details of such changes for our consideration, at your earliest convenience.

Please be advised that COG will proceed with the compulsory pooling hearing on 6/10 and will honor our offer to lease the RAM interest, on mutually agreeable terms, after the hearing. Should you have questions about this matter, do not hesitate to contact me.

Best regards,

J. Robert Ready, Senior Landman COG OPERATING LLC 550 W. Texas Avenue, Suite 100 Midland, Texas 79701 Direct (432) 685-4345 Fax (432) 686-3000

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From:

Robert Ready

Sent:

June 08, 2010 11:21 PM

To:

Mike Goldak

Subject:

RE: Oil and Gas Lease Offer-Trust Co of KS, Tr'ee-Section 9-T17S-R32E, Lea Co., NM

Dear Mr. Goldak,

It is our understanding that The Trust Company of Kansas and Clyde Dell Graeber, Co-Trustees of the Dorothy Dell Graeber Trust dated May 5, 1978, are interested in entering into an oil and gas lease with COG covering the interest of the Trust in the subject lands. To that end, we respectfully request your response to the offer submitted with the email of 6/1 below.

Please be advised that COG will proceed with the compulsory pooling hearing on 6/10 and will honor our offer to lease the Trust interest, on mutually agreeable terms, after the hearing. Should you have questions about this matter, do not hesitate to contact me.

Best regards,

J. Robert Ready, Senior Landman COG OPERATING LLC 550 W. Texas Avenue, Suite 100 Midland, Texas 79701 Direct (432) 685-4345 Fax (432) 686-3000

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From: Robert Ready Sent: June 01, 2010 2:39

To: Mike Goldak

Subject: Oil and Gas Lease Offer-Trust Co of KS, Tr'ee-Section 9-T17S-R32E, Lea Co., NM

Dear Mr. Goldak,

In connection with our earlier communications, COG Operating LLC hereby offers \$250 per net mineral acre to purchase an oil and gas lease covering the 10 net mineral acre interest described below, using the attached form, with 3 year primary term and 1/4 royalty (increased from the 3/16 offered below). This offer is subject to approval of title.

Please review this offer and contact me with your questions or acceptance. Should you agree to it, please provide information to complete the signature block and acknowledgment for The Trust Company of Kansas in the oil and gas lease. I will then send the lease to you for execution. After it has been executed by TCK and Mr. Graeber, you can fax the executed document to me and I will send a company check to you in payment of the \$2,500 bonus consideration, in exchange for the original lease.

In anticipation of such requirement by our title attorney, please provide a copy of the trust agreement for our review. Should you have questions about this matter, do not hesitate to contact me.

Best regards,

J. Robert Ready, Senior Landman COG OPERATING LLC 550 W. Texas Avenue, Suite 100 Midland, Texas 79701 Direct (432) 685-4345 Fax (432) 686-3000

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From: Robert Ready Sent: May 24, 2010 11:44

To: Mike Goldak

Subject: Oil and Gas Lease Offer-Trust Co of KS, Tr'ee-Section 9-T17S-R32E, Lea Co., NM

Dear Mr. Goldak,

Per our earlier conversation, COG Operating LLC desires to purchase an oil and gas lease from The Trust Company of Kansas and Clyde Dell Graeber, co-trustees of the Dorothy Dell Graeber Trust dated May 5, 1978, covering the lands and mineral interest described in the message below. COG hereby offers \$250 per net mineral acre to purchase an oil and gas lease with 3 year primary term and 3/16 royalty, subject to approval of title, covering the 10 net mineral acre interest.

Based on our conversation, it is my understanding that you are receptive to leasing the subject mineral interest. With that in mind, I will submit a proposed form of oil and gas lease to you by email tomorrow. Thank you for your cooperation and consideration. Should you have questions about this matter, do not hesitate to contact me.

Best regards,

J. Robert Ready, Senior Landman COG OPERATING LLC 550 W. Texas Avenue, Suite 100 Midland, Texas 79701 Direct (432) 685-4345 Fax (432) 686-3000

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From: Robert Ready Sent: May 07, 2010 6:59

To: Mike Goldak

Subject: Well Proposals-Taylor D 2,3,4,5-Trust Co of KS, Tr'ee-Section 9-T17S-R32E, Lea Co., NM